

AMENDED IN SENATE MAY 31, 2011

AMENDED IN SENATE MAY 17, 2011

AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 899

Introduced by Senator La Malfa

February 18, 2011

An act to amend Sections 19620 and 19620.1 of the Business and Professions Code, and to ~~amend Section 4051 of, and to add Section 3205 to, the Food and Agricultural Code, relating to district agricultural associations fairs.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 899, as amended, La Malfa. ~~District agricultural associations. Fairs.~~

Existing law divides the state into agricultural districts and authorizes residents of a district to form a district agricultural association for the purpose of holding fairs, expositions, and exhibitions to exhibit the industries, resources, and products of the state and for the purpose of constructing, maintaining, and operating recreational and cultural facilities of general public interest.

Existing law requires the Department of Food and Agriculture to exercise oversight of activities carried out by California fairs, including conducting fiscal and performance audits of county fairs and citrus fruit fairs that are requested by the fair that is the subject of the audit and that the department deems necessary.

This bill would ~~delete that~~ *remove county fairs from the department's duty to conduct fiscal and performance audits of county fairs and citrus fruit fairs and for which the Legislature is authorized to appropriate*

specified revenue to the department. The bill would instead require that the books and accounts of all district agricultural association fairs, county fairs, and citrus fairs be audited by an independent registered certified public accountant. The bill would require those fairs to submit an annual audit to the department for review and would require the department to review those annual audits permit an audit of a county fair to be performed upon the agreement of the county board of supervisors and the governing body of the county fair. The bill would require, if an audit is performed, that a copy be provided to the department, and that costs associated with the audit are the responsibility of the fair. The bill would permit 2 or more fairs to contract for a single audit with the approval of the department. The bill would permit district agricultural associations and the California Exposition and State Fair to be relieved of specified requirements regarding competitive bidding with the approval of the department.

By requiring local entities to obtain these audits, the bill would impose new duties on local entities, thereby imposing a state-mandated local program.

Existing law authorizes a district agricultural association to exercise specified powers with the approval of both the Department of Food and Agriculture and the Department of General Services.

This bill would delete the requirement that a district agricultural association obtain the approval of the Department of General Services to exercise the powers granted to it. The bill would also make technical changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19620 of the Business and Professions
- 2 Code is amended to read:

1 19620. (a) The Legislature finds and declares that the
2 Department of Food and Agriculture is responsible for ensuring
3 the integrity of the Fair and Exposition Fund, administering
4 allocations from the fund to the network of California fairs, as
5 defined in Sections 19418 to 19418.3, inclusive, and providing
6 oversight of activities carried out by each California fair.

7 (b) Oversight shall include, but not be limited to, the following:

8 (1) Monitoring the solvency of the Fair and Exposition Fund.

9 (2) Distributing available state resources to the network of
10 California fairs based on criteria for state allocations approved by
11 the Secretary of Food and Agriculture. The criteria for the
12 distribution of available state resources to the network of California
13 fairs shall not include a consideration of the structure that governs
14 the fair.

15 (3) Creating a framework for administration of the network of
16 California fairs allowing for maximum autonomy and local
17 decisionmaking authority, and conducting, or causing to be
18 conducted, annual fiscal audits and periodic compliance audits.

19 *(4) Conducting fiscal and performance audits of citrus fruit*
20 *fairs that are requested by the fair that is the subject of the audit*
21 *and that the Department of Food and Agriculture deems to be*
22 *necessary.*

23 ~~(4)~~

24 (5) Guiding and providing incentives to fairs to seek matching
25 funds and generate new revenue from a variety of sources.

26 ~~(5)~~

27 (6) Supporting continuous improvement of fair programming
28 to ensure that California fairs remain highly relevant community
29 institutions.

30 SEC. 2. Section 19620.1 of the Business and Professions Code
31 is amended to read:

32 19620.1. From the total revenue received by the department,
33 exclusive of money received pursuant to Sections 19640 and 19641,
34 the Legislature shall annually appropriate to the department those
35 sums as it deems necessary for the following purposes:

36 (a) For the oversight of the network of California fairs receiving
37 money from the fund.

38 (b) For reviewing annual audits submitted by all district
39 agricultural association fairs, ~~county fairs~~, and citrus fruit fairs.

SEC. 3. Section 3205 is added to the Food and Agricultural Code, to read:

~~3205. Notwithstanding any other law, all district agricultural association fairs, county fairs, and citrus fairs shall be required to submit an annual audit to the department for review, in accordance with the following:~~

~~(a) The books and accounts of all district agricultural association fairs, county fairs, and citrus fairs for the calendar year or fiscal year, as the case may be, shall be examined and audited annually by an independent registered certified public accountant (CPA). A summary of this examination, certified by that CPA, shall be appended to the fair's annual statement of operations, along with the CPA's recommendations.~~

~~(b) Costs associated with fair audits conducted for purposes of this section shall be the responsibility of the fair.~~

3205. (a) Upon the agreement of the county board of supervisors and the governing body of the county fair, an audit of the county fair may be performed. If an audit is performed pursuant to these provisions, a copy of the audit shall be provided to the department. Costs associated with an audit are the responsibility of the fair.

~~(c)~~

~~(b) With the approval of the department, two or more fairs may contract for a single audit by the same certified public accountant in order to be more cost effective.~~

~~(d)~~

~~(c) With the approval of the department, district agricultural associations and the California Exposition and State Fair are relieved of any requirements to abide by the provisions of the State Contracting Manual which may apply to competitively bidding an audit service contract as developed by the Department of General Services.~~

SEC. 4. Section 4051 of the Food and Agricultural Code is amended to read:

~~4051. An association, with the approval of the Department of Food and Agriculture, may do any of the following:~~

~~(a) Contract.~~

~~(b) Purchase, acquire, hold, sell, exchange, or convey any interest in real or personal property and beautify or improve that property. Any acquisition of land or other real property shall be~~

1 subject to the ~~Property Acquisition Law (Part 11 (commencing~~
2 ~~with Section 15850) of Division 3 of Title 2 of the Government~~
3 ~~Code).~~

4 (e) ~~Lease, let, or grant licenses for the use of its real estate or~~
5 ~~personal property, or any portion of that property, to any person~~
6 ~~or public body for whatever purpose may be approved by the board.~~

7 (d) ~~Use or manage its real estate or personal property, or any~~
8 ~~portion of that property, for any or all of the purposes of this section~~
9 ~~jointly with any lessee, sublessee, or licensee, or otherwise use or~~
10 ~~manage the property in connection with the lease, sublease, or~~
11 ~~license which is made or granted.~~

12 (e) ~~Lease or let its real property for use as a public park, or for~~
13 ~~recreational or playground purposes.~~

14 (f) ~~Rent or permit the use of its premises for any purpose which~~
15 ~~is beneficial to the agricultural industry, including, but not limited~~
16 ~~to, the holding of sales or auctions of cattle or other livestock.~~

17 (g) ~~Contract with any county or county fair association for~~
18 ~~holding a fair jointly with the county or county fair association.~~
19 ~~The joint fair is a district fair of the association.~~

20 (h) ~~Make permanent improvements upon publicly owned real~~
21 ~~property adjacent to real property of the district when the~~
22 ~~improvements materially benefit the property of the district.~~

23 (i) ~~Pledge any and all revenues, moneys, accounts, accounts~~
24 ~~receivable, contract rights, and other rights to payment of whatever~~
25 ~~kind, pursuant to such terms and conditions as are approved by~~
26 ~~the board. The revenues, moneys, accounts, accounts receivable,~~
27 ~~contract rights, and other rights to payment of whatever kind~~
28 ~~pledged by the association or its assignees constitute a lien and~~
29 ~~security interest which immediately attaches to the property so~~
30 ~~pledged and is effective, binding, and enforceable against the~~
31 ~~association, its successors, purchasers of the property so pledged,~~
32 ~~creditors, and all others asserting rights therein, to the extent set~~
33 ~~forth, and in accordance with, the terms and conditions of the~~
34 ~~pledge, irrespective of whether those persons have notice of the~~
35 ~~pledge and without the need for any physical delivery, recordation,~~
36 ~~filing, or further act.~~

37 ~~SEC. 5.—If the Commission on State Mandates determines that~~
38 ~~this act contains costs mandated by the state, reimbursement to~~
39 ~~local agencies and school districts for those costs shall be made~~

- 1 pursuant to Part 7 (commencing with Section 17500) of Division
- 2 4 of Title 2 of the Government Code.

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